

JOINT LEGISLATIVE COUNCIL

SUMMARY OF PROCEEDINGS

SPECIAL COMMITTEE ON STATE STRATEGIES FOR ECONOMIC DEVELOPMENT*

Room 1, Lower Level, 119 Martin Luther King, Jr. Blvd.
Madison, Wisconsin

December 16, 1998
10:00 a.m. - 1:30 p.m.

[The following is a summary of the December 16, 1998 meeting of the Special Committee on State Strategies for Economic Development. The file copy of this Summary has appended to it a copy of each document prepared for or submitted to the Committee during the meeting. A tape recording of the meeting is retained for two years by the Legislative Council Staff in its office at Suite 401, One East Main Street, Madison, Wisconsin.]

**COMMITTEE MEMBERS
PRESENT:**

Sen. Robert Welch, Chairperson; Sen. Brian D. Rude, Vice Chairperson; Sens. Kimberly Plache and Carol Roessler; Rep. Suzanne Jeskewitz; and Public Members Karin Gale, Richard Hansen, David Newby, Dennis Nitschke, David Stark, John Torinus and Clare Zempel.

**COMMITTEE MEMBERS
EXCUSED:**

Rep. Robert Ziegelbauer, Secretary; Speaker Scott R. Jensen and Rep. Johnnie Morris-Tatum; and Public Members William Gehl, James Hutchison, Michael Montemurro, Michael Morgan, Ronald Swanson and Larry Weyers.

COUNCIL STAFF PRESENT:

Robert J. Conlin, Senior Staff Attorney; and John Stolzenberg, Staff Scientist.

OTHERS PRESENT:

Louis Cornelius, Department of Commerce; Brenda Blanchard and Scott Reigstad, Forward Wisconsin, Inc.; Erica Kauten, University of Wisconsin (UW)-Extension Small Business Development Center; David Miller, UW System; Patrick Walsh, Deputy Commissioner, City of Milwaukee Department of Development; and Others.

***ATTENTION: THE NEXT MEETING OF THE SPECIAL COMMITTEE ON STATE STRATEGIES FOR ECONOMIC DEVELOPMENT WILL BE HELD ON MONDAY, JANUARY 11, 1999, AT 10:00 A.M., IN ROOM 1, LOWER LEVEL, 119 MARTIN LUTHER KING, JR. BLVD., MADISON.**

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CALL TO ORDER AND ROLL CALL [AGENDA ITEM 1]

Chairperson Welch called the meeting to order. Mr. Conlin called the roll and a quorum was determined to be present.

APPROVAL OF THE SUMMARY OF PROCEEDINGS OF THE NOVEMBER 24, 1998 MEETING [AGENDA ITEM 2]

Senator Roessler moved, seconded by Ms. Gale, that the Summary of Proceedings of the November 24, 1998 meeting be approved. The motion was approved on a voice vote.

EXPLANATION OF MATERIAL DISTRIBUTED [AGENDA ITEM 3]

Mr. Conlin indicated that Committee members had received in the mailing prior to the meeting an information packet from Erica Kauten, State Director, University of Wisconsin (UW)-Extension Small Business Development Center, and four *Time Magazine* articles distributed at the request of Senator Plache. He also noted that the following additional materials were provided at the meeting: a staff memorandum to Chairperson Welch, *Committee Members' Suggestions for Mission Statement and Committee Focus* (December 16, 1998); and two reports by Professor Jon G. Udell, UW-Madison School of Business, *Wisconsin's Quality of Business and Personal Life as Seen by Chief Executives* (March 1996) and *Wisconsin's Economic Expansion 1969-1996 and 1990-1996* (July 1997). In addition, a new Competitive Wisconsin report,

Measuring Success, Benchmarks for a Competitive Wisconsin (December 19, 1998) was distributed to members.

DISCUSSION OF STATE ECONOMIC DEVELOPMENT MISSION STATEMENT [AGENDA ITEM 4]

Chairperson Welch said that the purpose of a state economic development mission statement would be to help guide the Committee's deliberations. He suggested that the Committee work from the first mission statement that he proposed, set forth on the first page of the December 16, 1998 staff memorandum to him, *Committee Members' Suggestions for Mission Statement and Committee Focus*. In the ensuing discussion, Committee members indicated that the mission statement should also address a tax strategy, supportive business climate and creation of a strong economy. The Committee concluded by adopting, by unanimous consent, the following mission statement:

Within 10 years, Wisconsin will be a world leader by: (1) having the most highly skilled professional and technical work force; (2) having the best system of encouraging entrepreneurial ventures; and (3) having a tax, regulatory and financial climate conducive to a healthy statewide economy.

DISCUSSION OF THE COMMITTEE'S PRIORITY ISSUES [AGENDA ITEM 5]

Chairperson Welch indicated that the purpose of the brainstorming session under this agenda item was to identify economic development issues that the Committee may wish to pursue and that during this session, there would be no judgment of the issues identified during the session. The following list identifies the issues that were raised by Committee members (Committee staff have consolidated or recategorized a few of the issues for the purpose of consistency):

<i>A. General Tax Incentives and Disincentives/Cost of State Government</i>	
Tax 1.	Corporate income tax or other tax break for expanding businesses
Tax 2.	Negotiated tax rates to lure wealthy people to Wisconsin
Tax 3.	Move down in national tax rankings
Tax 4.	Update relative tax burden study with long-run forecast of the economy
Tax 5.	Impact of business fees on business climate
Tax 6.	Simplify/stabilize the tax system (e.g., single factor apportionment)
Tax 7.	Capture additional federal resources
Tax 8.	Internet and related sales tax issues

<i>B. Skilled Labor Availability/Education</i>	
Work Force 1.	Technology and engineering distance education technical institutes (e.g., Eau Claire-based consortium)
Work Force 2.	Encourage technical high schools
Work Force 3.	Tax incentives for businesses providing worker upgrading
Work Force 4.	Apprenticeship/intern tax credit
Work Force 5.	Tax credit for companies that train students (through on-the-job experiences)
Work Force 6.	Industry review of K-12 standards/skills
Work Force 7.	Employee retention training
Work Force 8.	Entrepreneurial education in K-16
Work Force 9.	Business investment in worker retraining
Work Force 10.	Expand the Wisconsin Manufacturing Extension Partnership and link to training
Work Force 11.	Review the applicability of existing state incentives (e.g., TIF, customized labor training) to technical colleges and other entities
Work Force 12.	Focus existing economic development moneys on training
Work Force 13.	Recognition/reward of workers and business involved in retraining
Work Force 14.	Challenges in employment relations involving nontraditional employees
Work Force 15.	Incentives for hiring hard-to-place individuals
Work Force 16.	“Tax trap” for working under W-2 program
Work Force 17.	Burdens in employment laws placed on employers teaching soft skills and employee readiness
Work Force 18.	Inmate general education and job skill training
Work Force 19.	UW strategy for adult/returning students
Work Force 20.	UW strategic program review and redeployment of resources (“focusing”)
Work Force 21.	Certification of competencies beyond traditional methods
Work Force 22.	Tuition incentive to stay in Wisconsin after graduation
Work Force 23.	Encouragement of experimentation in worker training programs and designs
Work Force 24.	Review state mandates
Work Force 25.	Incentives for women and minorities to pursue critical fields of study (science, engineering, etc.)
Work Force 26.	Adequate child care on campuses/job sites
<i>C. Infrastructure (including energy reliability and information technology)</i>	

Infrastructure 1.	Abundant bandwidth policy
Infrastructure 2.	Adequacy of transportation infrastructure for workers
Infrastructure 3.	Reliable, inexpensive energy supplies
Infrastructure 4.	Privatization of transportation networks
Infrastructure 5.	Protecting the state water supply
Infrastructure 6.	Promotion of urban industrial parks
Infrastructure 7.	Land use policy
<i>D. University Research and Technology Transfer/Research and Development (R&D)</i>	
Technology 1.	Require a portion of UW campuses funding through technology transfer income
Technology 2.	Wisconsin technical college system applied technology centers
Technology 3.	Prize for technology development
Technology 4.	Tax breaks for intellectual (R&D-type) endeavors
Technology 5.	Reward corporate board participation by faculty
Technology 6.	Allow research parks on UW campuses
Technology 7.	Regional consortia of R&D networks
Technology 8.	Technical networking
Technology 9.	Promotion of urban industrial parks
Technology 10.	UW System and state venture partnerships with start-ups/spin-offs from UW research
Technology 11.	Separate tenure track for commercially successful research and business ventures
Technology 12.	Provision of latest technology to K-12 and technical college educators
Technology 13.	Establish a research mission for all UW System campuses
<i>E. Reducing Regulatory Barriers to Economic Development</i>	
Regulation 1.	Further promotion of brownfield development through tax initiatives
Regulation 2.	Streamline state and local real estate-related plan and facility approval processes
Regulation 3.	Collaboration between government and businesses (especially in the permitting process)
Regulation 4.	Flexible regulations (e.g., ISO 14000), especially for responsible companies
Regulation 5.	Export regulations under state control
<i>F. Marketing/Image</i>	

Marketing 1.	State promotion through theme development, such as best place for entrepreneurs
Marketing 2.	Provide marketing to prospective employees in addition to businesses
Marketing 3.	Promote benefits of locating in Wisconsin
Marketing 4.	Promote cutting edge industries
Marketing 5.	Get more people involved in marketing/promotion, such as legislators and local governments (in addition to the executive branch)
Marketing 6.	Provide adequate resources to Forward Wisconsin, Inc.
Marketing 7.	Promote successful industries, such as printing and tool and die makers and their links to other industries
Marketing 8.	Promote exporting
Marketing 9.	Build on state's strengths and for the future
<i>G. Accountability of Economic Development Programs and Measuring Outcomes</i>	
Accountability 1.	Focus Commerce's economic development efforts on high-skill/high-wage jobs
Accountability 2.	Align measures to desired outcomes (mission statement)
Accountability 3.	Target economic development programs to or away from select sectors (e.g., no TIF districts for retail sales)
Accountability 4.	Establish standardized reporting on economic development programs and coordinated, reliable economic development measures at the state and local levels for program development and evaluation
Accountability 5.	One-stop service centers for economic development programs
Accountability 6.	Economic development delivery systems
Accountability 7.	Develop governmental service delivery standards
Accountability 8.	Sunset/cost benefit analysis of state economic development programs
Accountability 9.	Coordination between state and federal governmental entities providing economic development resources
<i>H. Entrepreneurship</i>	
Entrepreneurship 1.	Capital gains break for entrepreneurs
Entrepreneurship 2.	Seed capital availability
Entrepreneurship 3.	Entrepreneurial networks/venture fairs
Entrepreneurship 4.	Mentoring
Entrepreneurship 5.	Incubators
Entrepreneurship 6.	Small business programs
Entrepreneurship 7.	Management programs, such as Wisconsin Womens Network

<i>I. Targeted Economic Development Programs</i>	
Target 1.	Clusters promotion
<i>J. International Export Support</i>	
Export 1.	Role and effect of the Internet and related technologies on providing information on export services, techniques and markets
Export 2.	Small business export assistance
Export 3.	Import/export trading company(ies)
<i>K. Economic Warfare</i>	
Warfare 1.	Encourage multi-lateral disengagement of economic warfare between the states

After Committee members had finished identifying issues, Chairperson Welch directed the staff to compile the issues and distribute them to the full Committee prior to the next Committee meeting. He then asked Committee members to rank their top 10 priority issues contained in the list.

OTHER BUSINESS [AGENDA ITEM 6]

There was no other business to come before the Committee.

PLANS FOR FUTURE MEETINGS [AGENDA ITEM 7]

The next meeting of the Committee will be on ***Monday, January 11, 1999, at 10:00 a.m., in Room 1, Lower Level, 119 Martin Luther King, Jr. Blvd.*** (As decided at the November 24, 1998 meeting, the Committee also has scheduled a subsequent meeting on February 15, 1999, at 10:00 a.m.) Chairperson Welch indicated that in addition to discussing members ranking of economic development issues at the January 11 meeting, the Committee would hear a presentation from representatives of the UW System on economic development-related topics, such as the UW's technology transfer programs.

ADJOURNMENT [AGENDA ITEM 8]

Chairperson Welch adjourned the meeting at 1:30 p.m.

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